

Payment facilities for private individuals and private entrepreneurs 2023

In this Information Booklet, you can read about the payment facilities that can be granted to private individuals and private entrepreneurs. For example, private individuals can claim a deferral, payment in instalment, in summary, a payment facility for their tax.

1. Who may be granted a payment facility?

Taxpayers that due to reasonable economic or personal reasons cannot fulfil their payment obligations - of taxes, contributions, levies, surcharges and other debts being kept on registry by the NTCA - by the deadline may be granted payment facilities¹.

Payment facilities can be requested particularly for

- **deferral,**
- **payment in instalments,**
- **reduction or waiver**

of the payment obligation based on the enforceable document. During the assessment of the payment facilities the fact whether the legal conditions for equity in the particular case exist or not is of the only importance.

Requests for a payment facility can be submitted by private entrepreneurs obliged to communicate electronically on the FAM01 form. The form is available at the following path: <https://nav.gov.hu/nyomtatvanyok/letoltesek/egyeb/adatlap> (Hungarian) and <https://nav.gov.hu/en/taxation/payment-facility-arrangements> (English page).

Taxpayers not obliged to communicate electronically may also choose to submit the request using the above form electronically through Ügyfélkapu (i.e. Client Gate or Client Portal). They may also choose to submit it on paper by letter or on NTCA's website by filling in the form available in the menu item „Adatlapok fizetési könnyítésre és/vagy mérséklésre irányuló kérelmek elbírálásához” at the following path:

https://nav.gov.hu/nyomtatvanyok/letoltesek/egyeb/adatlap/adatlapok_fizkonny_20130101

2. Where to file the request for payment facilities?

As a rule, **the requests for payment facilities** will be assessed by

- the Departments (Divisions) of Payment Facilities of the county (Budapest) tax and customs directorates of the NTCA on first instance,
- the administrative departments of the Appeal Directorate of the NTCA on second instance.

¹ Pursuant to Act CL of 2017 on the Rules of Taxation (furthermore referred to as Art) and Act CLI of 2017 on Tax Administration and the Regulation of Tax Administration (furthermore referred to as Air).

- Requests for payment facility filed by taxpayers directed to the competence of the Large Taxpayers' Tax and Customs Directorate (KAVIG) are considered by KAVIG.²

The NTCA may grant payment facilities to the taxpayer exclusively according to his request.

The request shall be submitted to the competent Department of Payment Facilities of the county Tax and Customs Directorate.

The residency is determined by

- the place of abode, in the lack of it the place of residence of the private individual,
- the registered office, in the lack of it the place of business of the private entrepreneur.

Exceptions are:

- administrative fine which is determined by the enforcement field of the county tax and customs directorates, and
- anti-money laundering fine which is determined by the Information Office of the Anti-money laundering of the Central Management of the NTCA.

3. Who may submit a request for payment facilities?

A request may be submitted to the NTCA by the:³

- taxpayer,
- person obliged to pay tax,
- trust fund.

The request may be submitted also by the taxpayers' authorised representative.

4. How to submit a request?

The request can be submitted to the NTCA both electronically and on paper.

Electronic administration requires Ügyfélkapu (Client Gate) access, details of the submission can be found at the following path: www.nav.gov.hu → „Nyomtatványok” → „Nyomtatványok ÁNYK-hoz” → „Nyomtatványkereső (ÁNYK)”.

Taxpayers not obliged to communicate electronically may also submit the request on paper.

Paper-based request forms are available at the homepage of the NTCA (www.nav.gov.hu) in menu item „Nyomtatványok” → „Letöltések - egyéb” → „Adatlapok,

² Sections 57-81 of the Government Decree 485 of 29 December 2015.

³ Subsections (1) and (3) of Section 59 of Art, subsection (1) of Section 60, Section 12, Section 19, Section 20, subsection (14)-(18) of Section 21 of Air.

igazolások, meghatalmazásminták" → „Adatlapok fizetési könnyítésre és/vagy mérséklésre irányuló kérelmek elbírálásához”.

The completed and printed out request can be submitted to the NTCA by post or in person at the customer services.

Taxpayer obliged to communicate electronically must submit all their requests and declarations electronically in the procedure.

NAV communicates electronically with the taxpayer who⁴

- is required to submit a monthly tax and contribution return,
- is required to submit a recapitulative declaration,
- is required to submit a recapitulative statement, or
- is obliged to provide electronic administration⁵.

These taxpayers can only submit in the payment facility procedure on the NTCA form

- the request (FAM01),
- the modification or withdrawal of the request (FAM01M, FAM01V),
- the appeal, its amendment, supplementation and revocation, the waiver of the right of appeal, the data, statements and certificates necessary to clarify the facts (FAJNY).

If the **taxpayer not obliged to maintain electronic communication** submits the request on paper

- but declared to maintain electronic communication in the arrangement administration feature (RNY), or
- did not make declaration on the way of maintaining the communication in RNY but the taxpayer's secured electronic communication address is known by the NTCA (the taxpayer has an access to Céghkapuor KÜNY),

then the NTCA will forward the documents automatically to mailbox at Céghkapu or KÜNY.

If a taxpayer submits his request electronically, whether or not he is obliged to communicate electronically, **then the NTCA will provide the necessary documents**

- primarily electronically to the taxpayer or his representative which submitted the request,
- except the taxpayer is not obliged to communicate electronically and does not agree to electronic communication in RNY.

⁴ Subsection 4 of Section 36 of the Art.

⁵ Act CCXXII of 2015 on the general rules of electronic administration and trust services.

5. What are the costs of the payment facilities procedure?

The first instance proceeding is duty exempt.⁶

6. In what cases can a debt reduction or waiver be requested?

The reduction or waiver of the payment obligation may be authorized **only for an actual debt**. It means that a payment obligation settled – by sweeping, withholding or payment – cannot be reduced or cancelled.

The tax (outstanding capital debt) can be reduced or cancelled exclusively in the case of a natural person but still there is no possibility to reduce or cancel the debt of the tax and contribution deducted by the payer from the natural person.

In the case of a taxpayer being a private individual the NTCA when assessing the taxpayer's request examines whether the **payment of the debt** would seriously endanger or not the living of the taxpayer and his close relatives.

The NTCA shall assess the request of the **private entrepreneur** taking into consideration the reasons referred to in it.

Such a reason can be the **serious danger of the livelihood**,⁷ or **inability of business operation**⁸.

Based on the latter, it also is possible to reduce or cancel the surcharge or penalty debt for the private entrepreneur.

The NTCA examines the serious endangerment of the livelihood of the taxpayer and his close relatives taking into consideration their property, revenue and other circumstances.

When assessing the NTCA takes into consideration

- costs of daily living,
- housing costs,
- monthly instalment of the housing loan,
- justified support provided for the relative living outside the household,
- extra costs relating to the care of a family member who is ill for a prolonged period or disabled.

Also a special rule may be applied for reducing the personal income tax relating to the income from the transfer of the real estate property or property right of the private individuals.⁹

⁶ Act XCIII of 1990 on Duties (furthermore referred to as Itv.).

⁷ Subsection (1) of Section 201 of Art.

⁸ Subsection (3) of Section 201 of Art.

Upon the request of a **private individual** liable to pay the tax, the NTCA may **reduce or cancel the tax calculated on the income arising from the transfer of the real estate property or property right**.

In the procedure the NTCA may take into account

- the applicant's income, financial and social circumstances and
- the intended purpose of the income from the transfer of the real estate property or right is planned to be used especially when it will be used for **covering the housing needs of**
 - the private individual himself,
 - a close relative,
 - domestic partner,
 - or previous spouse.

Pursuant to legislation **the above-mentioned conditions** – the taxpayer's legitimate income, financial and social circumstances and the purpose of the use – **shall exist jointly**, the lack of any of them shall result in the rejection of the request.

The use for housing purpose is:

- acquisition of title to a residential property located in Hungary, including tenure in the landed property on which it stands, by deed of sale or any other contract stipulating a consideration,
- construction or construction under a contract of a residential property located in Hungary,
- expansion of the floor space of a residential property by at least one room,
- acquisition of the usufruct, use or lease rights of a residential property located in Hungary for at least the year in which the contract was concluded and for the following five years,
- acquisition of an accommodation in a home for the elderly or a residential home for the handicapped if it provides the place for living of the taxpayer himself, his close relative, spouse living in the same household or previous spouse¹⁰.

The acquisition of a residential lot itself does not classify residential use, with the exception if the natural person, his close relative or previous spouse builds a residential flat on it.

The reduction or waiver may be also granted if the purchased or built real estate property is being registered as a weekend house, holiday home, cottage but it serves exclusively for the living of the taxpayer or his relative, i. e. the residency of the taxpayer or his close relative is there.

Documents that justify the use of income received from the transfer of the real estate property for residential purpose:

- contract of sale, contract of exchange

⁹ Subsection (7) of Section 63 of Act CVII of 1995 on Personal Income Tax (furthermore referred to as Szja.)

¹⁰ Provided that the subsections (2)-(3) of Section 63 of Szja may not be applied.

- invoice of the payment for the accommodation in an elderly home, contract
- invoices of the contract for building, extension.

7. The rules of automatic payment facility

The automatic payment facility may be granted on the request of a private individual including the private entrepreneur and the private individual obliged to pay value added tax.

The natural persons are entitled to automatic payment facility whose tax debt under the act Art. does not exceed 1.000.000 forints¹¹.

Based on the request submitted, the NTCA may grant payment facility without extra charges

- once a year
- up to twelve months

without examining the taxpayer's income and the financial circumstances.

Payment facility may not be granted for

- the private individuals' personal income tax advance,
- the deducted personal income tax,
- the contributions deducted from the private individuals.

The request may be submitted in paper-based form to the county tax and customs directorates of the NTCA, by ways of electronic means, on the form FAM01 or by using the Online Form Filling Application on the form AUTRESZ.

The paper-based request may be submitted to the NTCA by post or by using a form.

To speed up the procedure it is reasonable to submit the request to the directorate competent according to the taxpayer's residency/place of abode.

The form is available on the homepage of the NTCA, www.nav.gov.hu at the menu item "Letöltések" → „Adatlapok, igazolások, meghatalmazás-minták" → „Adatlapok fizetési könnyítésre és/vagy mérséklésre irányuló kérelmek elbírálásához".

The automatic instalment payment **will become void** if the taxpayer does not pay the instalments. The outstanding debt shall be paid in one amount together with late charges.

8. The rules of instalment scheme, payment deferral.

When requested by the taxpayer the NTCA may authorize instalment scheme, payment deferral (jointly named: payment facility) for the tax registered¹².

¹¹ Subsection (1) of Section 199 of Art.

¹² Section 198 of Art.

Payment facility may not be granted for

- the personal income tax advance of private individuals and deducted personal income tax,
- the contributions deducted by the payer, and
- the tax collected.

The payment facility **may be authorized** for other taxes **if all of the following conditions jointly exist:**

- payment difficulty of the taxpayer and because of this all debts cannot be settled immediately or in one amount,
- the payment difficulty is not attributed to the applicant, or the applicant has taken reasonable measures to prevent it as expected in the given situation,
- payment difficulty is of a temporary nature, so he is likely to be able to pay the tax debt at a later date.

Payment facility may be authorized for the private individual even the reason are attributed to him, if the applicant justifies or makes it evident that the immediate or one-amount payment of the tax means disproportionate burden for him due to his family, income, financial and social circumstances.

If the private individual justifies his request by his family, income, financial and social circumstances than his request shall be assessed according to the rules referring to the private persons.

If justifying by the difficulties of his business, then the rules referring to business organization will apply respectively.

The NTCA **may set different conditions** to authorize the payment facility. If these conditions are not met, the payment facility cease to exist and the debt will be due in one amount together with all fees related.

Such conditions can be:

- the fulfilment of another, current tax payment obligation that becomes due during the payment facility period,
- avoiding the emerging of any enforceable arrears during the payment facility period,
- the payment of a part of the tax debt by a definite date,
- the provision of an appropriate security: suretyship, pledge, mortgage.

Thus, the authorization of a payment facility is not a right, it is not granted automatically, it can be authorized by the NTCA when conditions set in the law are met.

So accordingly a payment facility **may not be granted** if the taxpayer

- is be able to pay the debts in one amount taking into consideration his income and wealth,
- does not possess an income or wealth from which the debts likely can be paid at a later time or in instalments.

Special rules refer to the taxpayers under personal insolvency procedure, since based on the private individual or private entrepreneur request the NTCA may authorize payment facility free of surcharge taking into consideration:

- the justified increase of the loan instalment,
- the justified termination of a loan contract, or
- debt consolidation procedures

without examining whether the situation is attributable to the taxpayer or not.

The detailed rules can be found in the Information Booklet no. 69 on the debt consolidation procedures of natural persons (i.e. private bankruptcy proceedings) published on the homepage of the NTCA. The booklet is available in Hungarian only.

The payment facility becomes void, if the taxpayer

- does not fulfil the payment by instalments, payment deferral,
- does not meet the requirements imposed.

The facility also becomes void if the additional obligations, guarantees, suretyship, pledge, mortgage become inappropriate to fulfil their original functions and the taxpayer does not take care about their replacement despite the invitation of the NTCA to do so.

If the payment facility becomes void the outstanding debt shall be paid in one amount together with the late charges.

9. What is considered by the NTCA when assessing a request for payment facility?

When assessing a request for payment facility, the NTCA

- considers the information contained in the request,
- considers the data available in own and external agents' registries,
- invites the taxpayer to make a declaration when it is necessary,
- may ask the taxpayer to justify the disclosed data, circumstances by documents.

The NTCA will decide on a case-by-case basis, and considering individual data, whether it is necessary to put the request in order or to request to make a declaration. In order to clarify the facts the NTCA may require the documents justifying the declaration especially with respect to the assessment of the requests for reduction.

The taxpayer's declaration itself may establish the approving decision if

- the taxpayer makes a declaration about all circumstances relevant for the procedure,
- the income data submitted reflect the taxpayer's financial position,
- there is no possibility to underreporting, and
- there is no inconsistency between the taxpayer's declaration and the data contained in the NTCA's and external agents' registries,

The NTCA terminates the procedure if the taxpayer

- does not make a declaration despite the invitation to do so,
- does not disclose the requested data,
- does not send the requested documents,

and the request cannot be assessed without the fulfilment of the notification.

It is reasonable to request a payment facility for the debt requested for reduction if the taxpayer submits its request for reduction and payment facility jointly in the same document. In the lack of this the NTCA when rejecting the request for reduction may not authorize payment facility instead of the reduction even in this procedure if payment facility for the other debts was granted.

This is because the NTCA must not deviate from the request in its decision, if the taxpayer requested exclusively the reduction of the debt, instead of it payment facility may not be granted.

10. Can a payment facility be granted for other payment obligations not classifying as taxes?

A **legal act may establish different rules, terms, examination criteria for the reduction**, waiver or payment facility regarding the payment obligations managed by the NTCA, not belonging to the scope of Art.

So neither reduction or waiver, nor payment facility may be granted for the following obligations:

- subcontract distillation spirits tax
- fine related to tobacco product retail activity
- repayment of unduly used subsidy related to waste management and waste management fine
- tax penalty of foreign vehicle tax and vehicles of foreign registry.

Obligations determined in public administration procedures¹³

As a rule, the legislative act specifies the NTCA as the authority implementing the enforcement **in the public administration procedure**. As of 1 January 2018 in enforcement proceedings, the NTCA examines the payment obligations pursuant to base imposed by the NTCA – if they are under enforcement – according to the above detailed rules of Art.¹⁴

Such obligations are:

- fine, interest, self-revision surcharge related to customs authority activity of the NTCA
- metal trade fine of the NTCA
- fine related to tobacco product retail activity of the NTCA

¹³ Act CL of 2016 on General Public Administration Procedures (Ákr.).

¹⁴ Section 2 of the Act CLIII of 2017 on Enforcement Proceedings to be implemented by the Tax Authority.

- administrative fine of the NTCA

The NTCA may not use the rules of Art. and Air. for these obligations, if the debt has not been enforced yet. In this case the NTCA will act according to the details set out in Ákr. The act of Ákr. does not stipulates the payment facility, so if the sectoral legislation does not expressly provides it, no payment facility can be authorized in the period before the enforcement.

Liabilities determined during the customs procedure¹⁵

Pursuant to Vámtv. only instalment scheme may be granted for **customs duties and other charges** registered by the NTCA. The terms of it are similar to the terms of granting payment facility for tax debt:

The NTCA may grant a scheme of **maximum 12 month instalments** on the request of the taxpayer if the payment difficulty

- cannot be attributed to the applicant or the applicant acted the way as it is expected and
- is temporary, so the payment is probable at a later time.

The instalment scheme may be granted for a private person if the applicant justifies that the immediate payment or payment in one amount of customs duties and other charges would impose disproportionate burden because of his/her income, material and social circumstances.

Terms of granting the instalment scheme:

- providing guarantee, with the exception if it causes serious economic or social difficulty for the debtor, and
- charging interest on the amount of the instalments.

The NTCA, granting the instalment scheme when this is appropriate under the circumstances, may decide to free the applicant both from requesting the customs guarantee and charging the credit interests.

The NTCA may not grant instalment scheme for the payment of customs administration penalty, the relevant rules of Art. shall apply for reducing it¹⁶.

The procedural rules of Art. and Air. shall apply for the payment facility process according to Vámtv..

¹⁵ Section 165 of Act CLII of 2017 on the implementation of the Union Customs Law (Vámtv.).

¹⁶ Sections (4)-(5) of Section 87 of Vámtv.

11. May a payment facility be granted for the debts forwarded for enforcement to the NTCA?

The NTCA is competent to examine the requests for payment facility of the debts stated in enforcement requests.¹⁷ It includes the below liabilities:

- public dues to be enforced as taxes,
- liabilities related to local taxes and/or vehicle taxes recorded by municipal tax authorities,
- payment liabilities forwarded. based on Ákr (with the exception of the liabilities constituting fully or in part the requesting authority's own proceeds, the EU member states' requests for the enforcement of unemployment benefits illegally received abroad),
- money claims based on the request of Court of Justice,
- payment liabilities established by the court in favour of the NTCA.

The request for payment facility shall be submitted to the NTCA. If the legal terms of Art. exist, the NTCA may grant either reduction, instalment scheme or deferred payment on request.

The **prior consent of the judgement creditor authority** (asked by the NTCA) **is needed to reduce** the debt and liabilities to be enforced as taxes forwarded for enforcement by the municipality tax authorities. The NTCA is bound by the declaration on the reduction made by the judgement creditor authority. If **the judgement creditor authority does not approve the reduction**, the NTCA may not make a decision allowing the reduction even if the legal terms of reduction according to Art. are in place. In the case of prior consent of the judgement creditor authority, the NTCA will decide on the reduction taking into consideration the legal terms according to Art.¹⁸

The legal act¹⁹ excludes the debt reduction of money claims based on the request of the Court of justice.

In the case of payment obligations ordered by the court in favour of NTCA, it will process applications for payment reliefs submitted after the enforcement procedure has been initiated. In doing so, it may also reduce the debt on request.²⁰

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¹⁷ Section 2 of Avt.

¹⁸ Subsections (1)-(3) of Section 109, subsections (1)-(2) of Section 120. of Avt.

¹⁹ Subsection (3) of Section 125/A. of Avt.

²⁰ Subsection (2) of Section 125/H of Avt.